

## MEMORANDUM



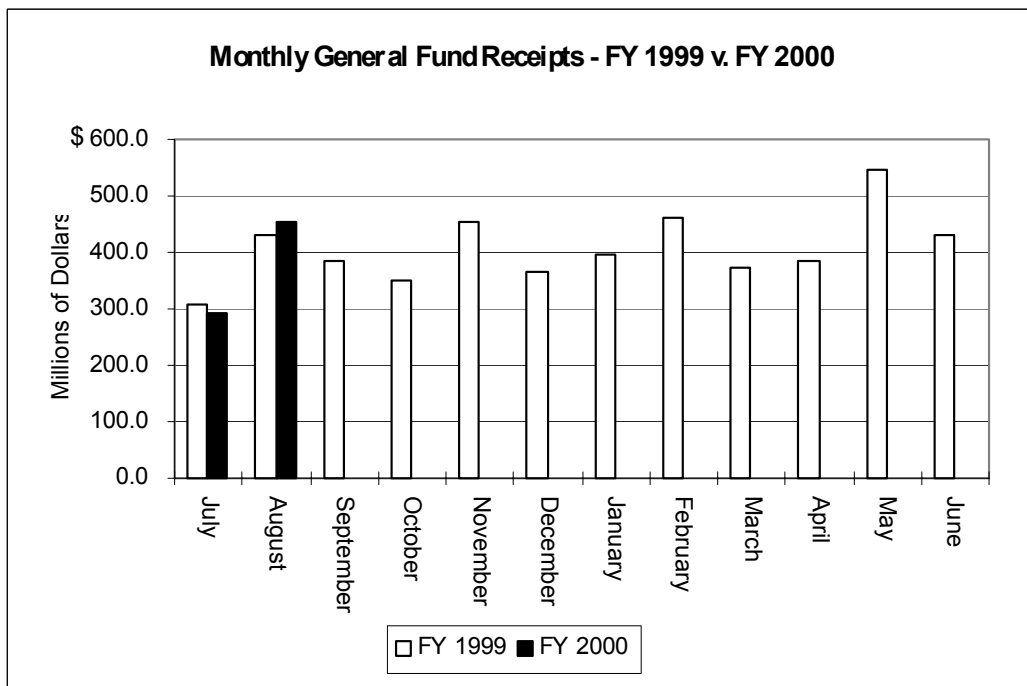
TO: Members of the Iowa Senate and  
Members of the Iowa House of Representatives

FROM: Dennis C. Prouty

DATE: September 1, 1999

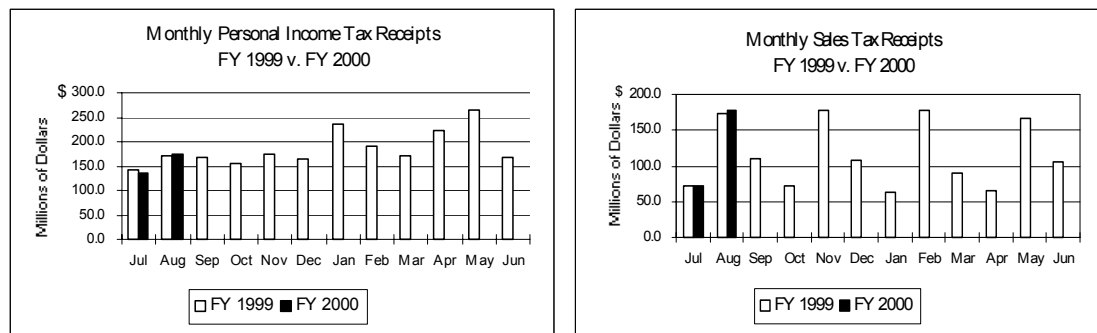
### General Fund Receipts Through August 31, 1999

The attached spreadsheet represents total FY 2000 General Fund receipts, with comparable figures for actual FY 1999. These can be compared to the latest FY 2000 estimate (\$5.082 billion) set by the Revenue Estimating Conference (REC) on August 12, 1999. The estimate represents an increase of \$202.1 million (4.1%) compared to FY 1999.



### FY 2000 Compared to FY 1999

Year-to-date FY 2000 revenue growth increased by \$5.9 million (0.8%) compared to FY 1999. This is below the REC estimate of 4.1% for FY 2000. Total August 1999 revenues increased \$22.3 million (5.2%) compared to August 1998.



**Gross personal income tax** revenues received in August were \$4.0 million (2.3%) more than August 1998. Year-to-date growth in personal income tax is \$4.1 million (1.3%) less than FY 1999.

Withholding receipts moderated in August, increasing by 3.8% compared to August 1998. Year-to-date growth in personal income tax withholding receipts is \$14.5 million (5.3%) more than FY 1999.

Estimate payments fell slightly in August, posting a loss of \$52,000 (0.2%) compared to August 1998. Year-to-date growth in personal income tax estimate payments is \$18.7 million (44.6%) less than FY 1999. July and October 1998 estimate payments were very strong, but moderated through the remaining months of FY 1999. Year-to-date experience indicates that FY 2000 estimate payments will more closely follow the lower level of the second half of FY 1999.

The REC FY 2000 income tax estimate of \$2.364 billion represents a projected increase of 5.8% compared to actual FY 1999.

**Sales tax** receipts in August were \$5.7 million (3.2%) more than August 1998. Growth in FY 2000 sales tax stands at \$4.7 million (1.9%) compared to FY 1999. The timing factors from the change in payment of the local option sales tax which have skewed FY 1998 and FY 1999 sales tax receipts percentage growth figures will not affect FY 2000. Growth figures for FY 2000 should be directly comparable without adjustment to FY 1999.

The REC estimate for FY 2000 sales tax receipts is \$1.448 billion, an increase of 5.1% compared to actual FY 1999.

**Corporate income tax** receipts in August were \$1.1 million (10.1%) greater than August 1998. Return payments were the primary cause of the gain for August. Return payments received in August were \$0.8 million (34.7%) more than August 1998. Growth in FY 2000 corporate income tax estimate payments are \$0.5 million (2.0%) above the FY 1999 level.

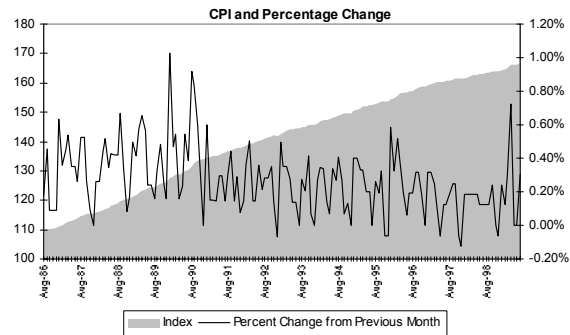
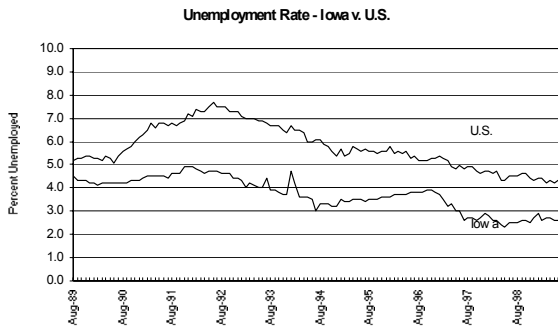
The REC projected FY 1999 corporate income tax receipts would total \$316.1 million, a decrease of 1.8% compared to actual FY 1999.

**Racing and gaming** receipts to the General Fund in August increased \$2.1 million (19.0%). All racing and gaming receipts in excess of \$60.0 million are deposited in the Rebuild Iowa Infrastructure Fund. As a result, activity in these accounts has little direct impact on the General Fund. The REC estimated that \$110.4 million from this source would be deposited to the Infrastructure Account in FY 2000.

## Status of the Economy

The seasonally adjusted percent unemployed for the State in July rose to 2.7% from June's rate of 2.6%. The unemployment rate a year ago was 2.5%. Iowa's total July employment registered 1,553,800, up from June's level of 1,550,100. The number of unemployed persons in Iowa stood at 42,600 in July, which is up from June's level of 42,000. The U.S. unemployment rate remained unchanged in July, from June's 4.3% rate.

Consumer prices in July rose by 0.3% from June's level. The Consumer Price Index (CPI-U) through July 1999 was 166.7 (1983=100), which is 2.1% higher than one year ago. The following series illustrate U.S. and Iowa unemployment comparisons and the CPI through July 1999.



Information related to State General Fund receipts is available electronically through the Fiscal Bureau's Electronic Publishing of Information System (EPI). If you have questions regarding this service, you may contact Glen Dickinson (515-281-4616) or Larry Sigel (515-281-4611).

GENERAL FUND RECEIPTS - FY 2000 vs. FY 1999						ESTIMATED GENERAL FUND RECEIPTS		
July 1, 1999, through August 31, 1999, in millions of dollars						in millions of dollars		
						FY 99 Actual Compared to FY 00 REC Estimate		
		Year to Date		August		Actual	Estimate	% CHANGE
		FY 1999	FY 2000	% CHANGE	% CHANGE	FY 1999	FY 2000	% CHANGE
Personal Income Tax	\$	313.8	\$ 309.8	-1.3%	2.3%	\$ 2,233.7	\$ 2,363.7	5.8%
Sales Tax		244.7	249.4	1.9%	3.2%	1,377.5	1,448.3	5.1%
Use Tax		51.5	51.5	0.0%	17.8%	242.7	256.3	5.6%
Corporate Income Tax		25.4	25.9	2.0%	10.1%	321.8	316.1	-1.8%
Inheritance Tax		17.3	15.3	-11.6%	-20.7%	90.1	96.2	6.8%
Insurance Premium Tax		0.4	0.1	-75.0%	-75.0%	114.3	115.4	1.0%
Cigarette Tax		15.7	16.6	5.7%	21.8%	92.3	88.1	-4.6%
Tobacco Tax		1.1	1.2	9.1%	-16.7%	6.5	6.8	4.6%
Beer Tax		2.5	2.6	4.0%	0.0%	13.1	13.1	0.0%
Franchise Tax		2.8	2.2	-21.4%	0.0%	33.8	32.9	-2.7%
Miscellaneous Tax		1.0	0.9	-10.0%	200.0%	1.1	1.1	0.0%
Total Special Taxes	\$	676.2	\$ 675.5	-0.1%	3.6%	\$ 4,526.9	\$ 4,738.0	4.7%
Institutional Payments		11.8	10.1	-14.4%	14.1%	49.7	49.8	0.2%
Liquor Transfers:								
Profits		3.5	3.5	0.0%	75.0%	32.3	32.3	0.0%
7% Gross Revenue		1.5	1.5	0.0%	0.0%	9.0	9.0	0.0%
Interest		1.7	1.4	-17.6%	0.0%	34.1	21.4	-37.2%
Fees		11.9	14.1	18.5%	-6.9%	58.3	60.2	3.3%
Judicial Revenue		6.1	6.9	13.1%	-12.5%	48.3	52.6	8.9%
Miscellaneous Receipts		8.7	11.1	27.6%	78.3%	61.3	58.7	-4.2%
Racing and Gaming Receipt		19.0	22.3	17.4%	19.0%	60.0	60.0	0.0%
TOTAL RECEIPTS	\$	740.4	\$ 746.4	0.8%	5.2%	\$ 4,879.9	\$ 5,082.0	4.1%